

AMENDED IN ASSEMBLY MAY 4, 2015
AMENDED IN ASSEMBLY MARCH 26, 2015
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 954

Introduced by Assembly Member Mathis

February 26, 2015

An act to add Chapter 6.6 (commencing with Section 13486) to Division 7 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 954, as amended, Mathis. Water and Wastewater Loan and Grant Pilot Program.

Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, establishes the Safe Drinking Water State Revolving Fund to provide grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards.

This bill would require the State Water Resources Control Board to establish a pilot program to provide low-interest loans and grants to *local agencies for low-interest loans and grants* to eligible applicants for specified purposes relating to drinking water and wastewater treatment. This bill would prohibit the board from issuing these loans or grants on or after January 1, 2026. This bill would create the Water and Wastewater Loan and Grant Fund and provide that the moneys in this fund are available, upon appropriation by the Legislature, to the board for expenditure for the pilot program. This bill would transfer to the Water and Wastewater Loan and Grant Fund \$20,000,000 from the General Fund. *This bill would require moneys in the Water and*

Wastewater Loan and Grant Fund after January 1, 2026, to revert to the General Fund.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature hereby finds and declares the
2 following:

3 (a) Many areas of the state are disproportionately impacted by
4 drought because they are heavily dependent or completely reliant
5 on groundwater from basins that are in overdraft and in which the
6 water table declines year after year or from basins that are
7 contaminated.

8 (b) There are a number of state grant and loan programs that
9 provide financial assistance to communities to address drinking
10 water and wastewater needs. Unfortunately, there is no program
11 in place to provide similar assistance to individual homeowners
12 who are reliant on their own groundwater wells and who may not
13 be able to afford conventional private loans to undertake vital water
14 supply, water quality, and wastewater improvements.

15 (c) The program created by this act is intended to bridge that
16 gap by providing low-interest loans, grants, or both, to individual
17 homeowners to undertake actions necessary to provide safer,
18 cleaner, and more reliable drinking water and wastewater treatment.
19 These actions may include, but are not limited to, digging deeper
20 wells, improving existing wells and related equipment, addressing
21 drinking water contaminants in the homeowner's water, or
22 connecting to a local water or wastewater system.

23 SEC. 2. Chapter 6.6 (commencing with Section 13486) is added
24 to Division 7 of the Water Code, to read:

25

26 CHAPTER 6.6. WATER AND WASTEWATER LOAN AND GRANT
27 PILOT PROGRAM

28

29 13486. (a) The board shall establish a pilot program in
30 accordance with this chapter to provide low-interest loans and
31 grants to *local agencies for low-interest loans and grants to* eligible
32 applicants for any of the following purposes:

1 (1) Extending or connecting service lines from a water or
2 wastewater system to the applicant's residence or plumbing.

3 (2) Paying reasonable charges or fees for connecting to a water
4 or wastewater system.

5 (3) Paying costs to close abandoned septic tanks and water wells,
6 as necessary, to protect health and safety as required by local or
7 state law.

8 (4) Deepening an existing groundwater well.

9 (5) Improving an existing groundwater well, including associated
10 equipment.

11 (6) Installing a water treatment system if the groundwater
12 exceeds a primary or secondary drinking standard, as defined in
13 Section 116275 of the Health and Safety Code.

14 (b) The board may adopt any regulation it determines is
15 necessary to carry out the purposes of the chapter as an emergency
16 regulation in accordance with Chapter 3.5 (commencing with
17 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
18 Code.

19 (c) The board shall not issue loans or grants pursuant to this
20 chapter on or after January 1, ~~2026~~, *2026, after which time moneys*
21 *in the Water and Wastewater Loan and Grant Fund shall revert*
22 *to the General Fund.* This subdivision shall not terminate either
23 of the following rights, obligations, or authorities, or any provision
24 necessary to carry out these rights, obligations, or authorities:

25 (1) The repayment of a loan due and payable to the board.

26 (2) The resolution of a cost recovery action or the initiation of
27 an action or other collection process to recover defaulted loan
28 moneys due to the board or to recover grant moneys paid.

29 13487. (a) The Water and Wastewater Loan and Grant Fund
30 is hereby created in the State Treasury. The moneys in the Water
31 and Wastewater Loan and Grant Fund are available, upon
32 appropriation by the Legislature, to the board for expenditure in
33 accordance with this chapter.

34 (b) The following moneys shall be deposited in the Water and
35 Wastewater Loan and Grant Fund:

36 (1) Moneys repaid to the board pursuant to any grant or loan
37 made in accordance with this chapter, including interest payments.

38 (2) Notwithstanding Section 16475 of the Government Code,
39 any interest earned upon the moneys in the Water and Wastewater
40 Loan and Grant Fund.

1 13488. (a) An eligible applicant for a loan shall meet all of
2 the following criteria:

3 (1) Have a household income below the statewide median
4 household income.

5 (2) Have an ownership interest in the residence.

6 (3) Be unable to obtain financial assistance at reasonable terms
7 and conditions from private lenders and lack the personal resources
8 to undertake these improvements.

9 (4) Demonstrate an ability to repay the loan. This requirement
10 may be satisfied by having another party join the application as a
11 cosigner.

12 (b) Any loan granted shall be secured by a mortgage on the
13 residence and repaid within 20 years in accordance with terms
14 established by the board. The interest rate on the loan shall not
15 exceed 1 percent. While any balance on the loan is outstanding, a
16 loan recipient shall furnish evidence of and continually maintain
17 homeowner's insurance on the security residence to protect the
18 state's interest in the residence.

19 (c) The board may enter into a contract with a private financial
20 institution to provide loans consistent with the purposes of this
21 chapter. If the board exercises this authority, the board may utilize
22 a portion of the moneys in the Water and Wastewater Loan and
23 Grant Fund to provide a loan guarantee or similar loss mitigation
24 mechanism.

25 13489. (a) An eligible applicant for a grant shall meet all of
26 the following criteria:

27 (1) Have a household income that is 60 percent or less of the
28 statewide median household income.

29 (2) Have an ownership interest in the residence.

30 (3) Be unable to obtain financial assistance at reasonable terms
31 and conditions from private lenders and lack the personal resources
32 to undertake these improvements.

33 (b) A grant recipient shall repay to the board the grant amount
34 in full if that recipient sells the residence less than five years from
35 the date that the grant agreement was signed.

36 (c) A grant recipient shall repay to the board any unused grant
37 funds.

1 SEC. 3. Twenty million dollars (\$20,000,000) is hereby
2 transferred from the General Fund to the Water and Wastewater
3 Loan and Grant Fund.

O